

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY ROME

TO SECSTATE WASHDC 3295

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EO 11652: NA

TAGS: EAIR, IT

SUBJ: CIVAIR: BILL ON NON-SCHEDULED CIVIL AVIATION SERVICES

REF: (ROME A-112; (B) ROME 9016

1. EMBASSY UNDERSTANDS THAT GOI NOW PLANS TO SUBMIT TO PARILIAMENT
WITHIN NEXT FEW DAYS ITS ON BILL ON NON-SCHEDULED CIVAIR SERVICES
TO COMPETE WITH THE MARGOTTO-CAOTORTA BILL, TEXT OF WHICH WAS PRO-
VIDED IN REF (A). RELIABLE SOURCE TOLD EMBOFF GOI BILL WILL BE
VERY SIMILAR TO MARZOTTO-CAOTORTA BILL, BUT HE WOULD NOT SPECIFY
THE KEY DIFFERENCES THAT HAVE INDUCED GOI TO TAKE PLANNED ACTION.

2. WE ARE ALSO INFORMED THAT ONE MEMBER OF TRANSPORT COMMITTEE OF
CHAMBER HAS DEMANDED FULL PARLIAMENTARY CONSIDERATION OF MARZOTTO-
CAOTORTA BILL. THIS MEANS THAT, CONTRARY TO SITUATION OF FEW DAYS
AGO DESCRIBED IN REF (B), TRANSPORT COMMITTEE WILL ACT IN REPORTING
RATHER THAN LEGISLATION CAPACITY. THIS ALSO MEANS THAT FINAL
PARLIAMENTARY ACTION WILL BE FURTHER IN FUTURE--PROBABLY THIS FALL.

3. AVIATION INDUSTRY SOURCE HAS INFORMED US THAT MAIN PURPOSE OF THE
MARZOTTO-CAOTORTA BILL IS TO PROVIDE CHARTER AVIATION WITH MEDIUM
TERM OPERATING LICEASES THAT WOULD PERMIT THEM TO OPERATE
FLIGHTS AND FLIGHT PROGRAMS WITHOUT HAVING TO SEEK CIVILAVIA'S
APPROVAL OF EACH FLIGHTS AS IS NOW THE CASE. MARZOTTO-CAOTORTA
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BILL IN ITS CURRENT FORM (SEE REF (A)) WOULD ALLOW SUCH
LICENSES A LIFE OF THREE TO FIVE YEARS, RENEWABLE FOR AN
EQUAL PERIOD OF TIME. ITLIAN CHARTER AIRLINE OPERATORS
WOULD ONLY HAVE TO PROVIDE "PRIOR NOTICE" TO CIVILAVIA FOR
EACH OF THE FLIGHTS. FOREIGN CHARTER AIRLINE COMPANIES
WOULD STILL BE SUBJECT TO AUTHORIZATION FOR EACH FLIGHT
(SEE ART. 2) "UNCLESS DIFFERENTLY ESTABLISHED IN INTERNATIONAL

AGREEMENTS."

4. PORPONENTS OF THE BILL ARGUE THAT LACK OF SUCH AN OPERATING PERMIT HAS RETARDED DEVELOPMENT OF AN ITALIAN CHARTER INDUSTRY WITH CONSEQUENT ADVERSE EFFECTS FOR THE ITALIAN TOURISM INDUSTRY, EMPLOYMENT AND BALANCE OF PAYMENTS. THEY ARGUE THAT FOREIGN CHARTER COMPANIES HAVE TAKEN ADVANTAGE OF ITALY'S FAILURE TO ACT. THEY NOTE THAT PROPORTION OF ITALY'S PASSENGER AIR TRAFFIC CARRIED IN CHARTER AIRCRAFT IS FAR BELOW AVERAGE FOR EUROPE. PRIVATELY, INDUSTRY SOURCE INDICATED TO EMBOFF THAT EVEN IF BILL IS PASSED IN PRESENT FAVORABLE FORM, ITALIAN CHARTER INDUSTRY WOULD DEVELOP SLOWLY BECAUSE ITALIAN OUTWARD TOURISM IS SO HIGH SEASONAL.

5. SAME SOURCE NOTED THAT DEBATE HAS CENTERED ON DEGREE OF AUTOMATICITY OF CHARTER OPERATIONS ONCE LICENSE GRANTED. ALITALIA ALLIED WITH PCI MEMBERS OF TRANSPORT COMMITTEE, WHO ARE IN A "NEARLY DOMINANT POSITION," HAVE BEEN TRYING TO VITIATE AUTOMATICITY PROVISION AND LIMIT CHARTER CAPACITY ON ROUTES SERVED BY SCHEDULED CARRIERS. DEBATE ALSO HAS FOCUSED ON WHETHER OR NOT THE AUTHORITIES SHOULD SET ALL PRICES IN THE CHARTER INDUSTRY. DGCA COLLINI HAS TESTIFIED ALONG WITH PRIVATE SECTOR INTEREST AGAINST CIVILAVIA CONTROL OF INDIVIDUAL FLIGHTS AS WELL AS PRICES AND IN FAVOR OF A REVIEW FUNCTION ON THESE MATTERS. HE THOUGHT LIMITED OFFICIAL USE

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OUTCOME OF THESE DEBATES WAS BY NO MEANS CERTAIN.

6. ACTION REQUESTED: EMBASSY BELIEVES LIOI REQUEST (REF (B)) IS RELATED TO REPORTED GOI DECISION TO SUBMIT ITS OWN BILL AND THEREFORE REQUESTS RESPONSE TO REF (B) AS SOON AS POSSIBLE ON ASSUMPTION THAT U.S. WOULD LIKE TO SEE GOI ADOPT RULES AS SIMILAR TO OUR COUNTRY AS POSSIBLE. HOLMES

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Message Attributes

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